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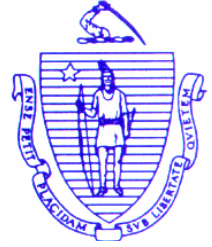
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PROPOSAL FOR USE OF FEDERAL GROUND FISH ASSISTANCE FUNDS (\$13,395,000)

This document summarizes the basis for the Division of Marine Fisheries' federal grant application for groundfish assistance funds.

Introduction and Background

The 2008 Congressional Appropriations Conference Report appropriated \$13,395,000 to the Massachusetts Division of Marine Fisheries (*MarineFisheries*) to alleviate economic impacts associated with Framework 42 regulations on the Massachusetts groundfish fishery.

MarineFisheries recommends that \$12,575,000 be disbursed in direct subsidies to fishermen. The remaining \$820,000 is slated for state (\$338,249) and federal (\$481,751) administrative costs.

MarineFisheries has prepared these recommendations for distribution of federal assistance funds to members of the Massachusetts groundfish fishery. We worked with a state Drafting Group and an Industry Subcommittee to develop a public information document (PID) detailing proposed appropriations of funds by activity. The PID was presented at three public meetings on April 1st – 3rd held in New Bedford, Plymouth and Gloucester, respectively.

Based on comments received at public meetings and received by phone, email and regular mail, *MarineFisheries* has refined its recommendations to provide an expedient program that takes into account our discussions with members of the Drafting Group & Industry Subcommittee as well as our known resources and limitations relative to grant administration.

The current fisheries management system is making it extremely difficult, especially for small-boat operations working off the Massachusetts coast, to conduct practical, economically-sound fishing operations. As a result, there are numerous impacts felt by individuals, companies and

families directly engaged in fishing or who rely on fishing-related activity for a major portion of their income. The implications of Framework 42 regulations and other (prior) state and federal actions aimed at curbing fishing effort in the Commonwealth's groundfish fishery, are wide-ranging and affect individuals in different ways depending on the types of permits they hold and regions that they fish. While our recommendations for use of these federal funds address a broad segment of fishery participants in a fair and equitable manner, our focus is on the brunt of Framework 42, as instructed by the legislation.

Marine Fisheries thanks those who took time to attend public meetings and offer thoughtful and productive comments that helped construct our recommendations. We particularly thank members of the Industry Subcommittee for attending meetings and providing helpful advice. *Marine Fisheries* plans to submit the Commonwealth's grant application required to receive these funds by close of business on April 15, 2008.

Recommendations	Funding Amount
<i>Direct Subsidies</i>	
A. Direct economic relief for the Commonwealth's fishing industry affected by Framework 42 fishing restrictions:	\$11,325,000
• Federally permitted commercial groundfish sector (with DAS)	(\$10,645,500)
• Non-federally permitted commercial groundfish sector	(\$339,750)
• For-hire groundfish sector	(\$339,750)
• Federal limited access (no DAS)	(\$TBD)
B. Economic relief for crew members who work in the state's commercial groundfish industry:	\$1,250,000
• Health insurance coverage for fishermen and their family members (crew)	(\$500,000)
• Direct support to crew members	(\$750,000)
Sub-Total	\$12,575,000
<i>Other</i>	
C. State grant administration	\$338,249
D. Federal grant administration	\$481,751
Sub-Total	\$820,000
TOTAL	\$13,395,000

A. Direct economic relief for the Commonwealth's fishing industry affected by Framework 42 fishing restrictions:

Direct subsidies (payment) totaling \$11,325,000 would be allocated to four sectors of the Commonwealth's groundfish fishing industry. These sectors are (1) federally permitted commercial fishermen with "A" DAS, (2) federally permitted limited access commercial fishermen without "A" DAS, (3) non-federally permitted commercial groundfish fishermen, and (4) federally permitted for-hire (charter and head-boat operators/owners) fishermen. A fifth sector, crew members employed aboard commercial fishing boats, would be provided for under a separate program allocated \$1,250,000 in relief funds.

A total of \$11,325,000 will be allocated based on the percent of total groundfish landed in the Commonwealth by each sector: 94% (\$10,645,500) for the "A" DAS applicants, 3% (\$339,750) for non-federally permitted applicants, and 3% (\$339,750) for the federally-permitted for-hire applicants. The number of applicants expected to qualify for the federally permitted limited access commercial sector without "A" DAS will be too low to allocate a set-aside amount. Whatever the amount is for this sector, it will be deducted from the "A" DAS set-aside.

1. Federal Groundfish Applicant ("A" DAS) Program (\$10,645,500)

Eligibility Criteria:

- a. applicant must be the owner of a vessel with a federal limited access multispecies groundfish permit that had allocated "A" DAS on May 1, 2007;
- b. must be the permit holder (owner) of record on March 15, 2008 to qualify to receive funds;
- c. must have held a 2007 Massachusetts Boat (landing) permit naming that vessel (on the federal permit) with a homeport in Massachusetts. If no homeport is listed on the Massachusetts Boat permit, homeport will be identified based on the federal permit as of March 15, 2008.

Allocation Criteria: Number of allocated "A" DAS (not including carry-over DAS) on May 1, 2007.

Allocation Formula: Determine an applicant's permits' portion of allocated "A" DAS among all eligible permit holders and apply that percentage to the total amount of available funds for this sector.

Exceptions: In those cases where applicants own multiple vessels and permits, and lease the "A" DAS from one vessel to another, but do not hold state landing permits on all vessels, the applicants must verify their ownership of all vessels and permits in question thereby demonstrating that the leasing of DAS was transacted internally (to themselves).

Marine Fisheries may develop limitations on the total amount of Direct Subsidies received by a single owner to ensure that the allocation of limited monies available for direct subsidies results in assistance to a representative range of those fishermen

who are experiencing the most severe economic hardship and to accommodate applicants who own multiple vessels and federal permits.

2. Federal limited access (non-DAS) Program

Eligibility Criteria:

- a. applicant must be the owner of a vessel with a federal limited access Handgear A (Category HA) multispecies groundfish permit on May 1, 2007;
- b. must be the permit holder (owner) of record on March 15, 2008 to qualify to receive funds;
- c. must have held a 2007 Massachusetts Boat (landing) permit naming that vessel (on the federal permit) with a homeport in Massachusetts. If no homeport is listed on the Massachusetts Boat permit, homeport will be identified based on the federal permit as of March 15, 2008.
- d. must have landed and sold at least 10,000-lbs. of multispecies groundfish in any one calendar year during January 1, 2004 to December 31, 2007.

Allocation Criteria: Eligible applicants can receive a flat-rate subsidy equal to 37.5% of the flat-rate subsidy paid to qualifying non-federal commercial groundfish fishermen. This percentage (37.5%) is based on the daily cod trip-limit differential between these two sectors (300 pounds vs. 800 pounds).

3. Non-federal Groundfish Program

Eligibility Criteria:

- a. Must have held a State Waters Groundfish Endorsement (GE) during calendar year 2007;
- b. have landed and sold at least 10,000-lbs. of multispecies groundfish in any one calendar year during January 1, 2004 to December 31, 2007.

Allocation Formula:

- a. Flat rate =
$$\frac{\$339,750}{\text{all eligible applicants}}$$
- b. Flat rate will not be allowed to exceed median funds paid to federally permitted commercial fishermen.

4. For-hire Groundfish Permit Holder Program

Eligibility Criteria:

- a. must hold a federal for-hire permit and Massachusetts for-hire endorsement with a Massachusetts homeport during the period May 1, 2007 to March 15, 2008; and
- b. must have made at least one authorized party/charter trip in the Gulf of Maine (NMFS Statistical Areas 512-515, 521) between November 1, 2005 and March 31, 2006 that kept at least one cod as documented on federal Vessel Trip Reports (VTRs).

Allocation Criteria: Number of party/charter trips in the Gulf of Maine (NMFS Statistical Areas 512-515, 521) between November 1, 2005 and March 31, 2006 that kept at least one cod as document on federal VTRs.

Allocation Formula: Determine applicant permit's portion of total trips among all eligible permit holders and apply that percentage to the total available funds for that sector (\$339,750).

The set-aside amount for this sector was initially set at 1.4%. That percentage was based on this sector's portion of all Massachusetts groundfish landings, consistent with how other (commercial) sectors are being treated. If landings are based solely on GOM cod, than this sector's portion would rise; perhaps to as much as 10-15%. The Division has recalculated this sector's portion by including cod, haddock and pollock, which justifies increasing its percentage to 3%.

5. Appeals Set-aside & Process

- a. Appeals will be accepted during a finite time period based primarily on the validity of records obtained from NOAA Fisheries or MA DMF.
- b. Final subsidies will not be announced until conclusion of appeals process.

6. Enforcement Disqualifications:

Marine Fisheries' administration of the limited federal funds will also be consistent with the related conservation and compliance goals of the federal and state regulatory framework governing Framework 42. To achieve that end, applicants eligible for this federal financial assistance are required to be in compliance with applicable federal and state fisheries regulations, as determined by *Marine Fisheries*. More specifically, any applicant with the following non-compliance status will be ineligible to receive assistance:

- a. Any applicant whose DMF-issued state landing permit or federal multispecies groundfish permit has been suspended by DMF or NOAA respectively. The applicant will become eligible for assistance if the permit suspension is lifted during application period.
- b. Any applicant who is in default of paying a fine imposed by NOAA for violation of federal fisheries regulations, or a fine imposed by a state court for violation of state fisheries regulations. The applicant will become eligible for assistance if the fine is paid during application period.

B. Economic relief for crew members who work in the state's commercial groundfish

industry: *Applicants who have qualified to receive "A" Program funds or who are listed as a shareholder in a corporation or other entity qualified to receive "A" Program funds, will not also qualify to receive "B" Program funds.*

1. Health insurance coverage for fishermen and their family members (\$500,000)

In 2003, *Marine Fisheries* administered an Insurance Subsidy Program (ISP) through the Fishing Partnership Health Plan. Funds were made available to eligible fishing families through the ISP. With rising cost of insurance and a requirement to have health insurance in Massachusetts, we recommend an expanded program over several years (at least two) through third party/parties.

2. Direct Assistance for Crew (\$750,000)

Shore Support has the infrastructure to distribute crew subsidies throughout the Commonwealth. *Marine Fisheries* is currently working with Shore Support staff to explore the use of their Fishermen's Emergency Relief Fund to ensure fishermen and their families receive assistance.

C. State grant administration (\$338,249)

This represents approximately 2.5% of \$13,395,000. Funds would be used for staffing to assist with application procedures, qualify participants, disburse funds, report writing and comply with audit exams.

Any funds allocated for the state's administration costs, but not spent, will be reallocated to the Health Insurance Subsidy Program before the grants federal contract period ends.

D. Federal grant administration (\$481,751)

This represents approximately 3.7% of \$13,395,000. .